

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 5, Part 2, relative to a property tax exemption for certain organizations which build residential housing for low income families who cannot purchase housing through conventional means.

WHEREAS, there exists a tremendous need for affordable housing for low-income families; and

WHEREAS, society as a whole benefits when charitable organizations, such as Habitat for Humanity, provide affordable housing for low-income families; and

WHEREAS, statutory mechanisms should be developed that encourage and enable charitable organizations, such as Habitat for Humanity, to fulfill their mission; and

WHEREAS, suitable land for the construction of affordable, low-income housing must be obtained by these organizations when such property is available on the market; and

WHEREAS, land obtained and held for the purpose of constructing housing for low-income families correlates to supplies of food or clothing accumulated for distribution to the needy, and should not be taxed as unused property; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 5, Part 2, is amended by adding the following language as a new, appropriately designated section:

Section _____. (a) Vacant land held and used by a non-profit organization whose primary purpose is to construct a single family dwelling thereon with the land and dwelling to be conveyed to the adult head(s) of a "low income

household” as defined in §13-23-103(12), is eligible for exemption under §67-5-212 from the day it is acquired by the organization until the date it is conveyed to the eligible party but not to exceed the periods established in subsections (b) and (c) of this section. If a dwelling is not constructed and conveyed as provided herein within such periods, the property shall be encumbered by the full amount of taxes together with penalties and interest which would otherwise have been due.

(b) If the property purchased is a single lot on which only a single family home may be constructed, the property is exempt for a period not to exceed eighteen (18) months.

(c) If the property purchased is a development comprised of individual lots on which a single family home per lot may be constructed, the property is exempt for a period not to exceed a period of five (5) years. Provided that the property taxes shall begin to accrue on individual lots within the development at the time the property is conveyed as provided in subsection (a).

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.

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